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EUB inspections up in 2004: industry compliance at record levels

While the number of producing oil and gas wells in Alberta has increased 54 per cent in the past five years, industry has continued to improve its compliance record to the best levels the EUB has recorded. According to compliance and enforcement information for 2004 recently released by the EUB, industry's compliance rate with major EUB regulations was at 98 per cent, an all-time high.

The increase in compliance rates may be attributed to industry's increased understanding of EUB requirements and industry proactively identifying issues and ensuring compliance.

The EUB carried out a record 15 379 inspections of Alberta energy facilities in 2004. The increase in the number of inspections was due in part to an increased focus by the EUB on inspections and better surveillance technology, which improved the efficiency of inspection staff.

The EUB's inspection results indicate that most Alberta energy industry operators strive to comply with EUB regulations; however, companies that fail to meet requirements or follow EUB direction are subject to escalating enforcement consequences. In fact, the EUB suspended 118 energy facilities and operations in 2004.

The EUB has suspended 734 energy facilities and operations in Alberta since 2000.

Looking at pipelines, failure rates in Alberta have dropped by 27 per cent since 2000. The EUB reviews all pipeline failure incidents.

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EnerFAQs No. 13

The EUB and YOU: Agreements, Commitments, and Conditions

This recently released EnerFAQs explains the role of the EUB with respect to landowner-company agreements, commitments, and conditions in oil and gas development. It is a companion to *EnerFAQs 8: Proposed Oil and Gas Development, A Landowner's Guide*.

About the EUB

Our mission is to ensure that the discovery, development, and delivery of Alberta's energy sources and utilities services take place in a manner that is fair, responsible, and in the public interest. We regulate oil, natural gas, sands, coal, hydro and electric energy, pipelines, and transmission line development.

On the utilities side, we regulate investor-owned natural gas, electric, and water utilities to ensure that customers receive safe and reliable service at just and reasonable rates. Regulation is done through two core functions: adjudication and regulation, information and knowledge.

Recent EUB publications

News Releases

June 7: News Release 2005-06-07 (NR 2005-11) EUB Approves Intrepid's Sour Oil Well with Conditions

June 22: News Release 2005-06-22 (NR2005-12) EUB Issues Decision on Compton North Okotoks Drilling Program—Compton Required to Resubmit Emergency Plans Using 9.7-kilometre Planning Zone

June 24: News Release 2005-06-24 (NR2005-13) EUB Issues Coalbed Methane Activity Summary and Well Locations

July 5: News Release 2005-07-05 (NR2005-14) EUB's New Rules Target More Accurate Electricity Bills

July 12: News Release 2005-07-12 (NR 2005-15) EUB Approves 2005 Distribution Tariff Rates for Fortis Alberta Inc.

July 15: News Release 2005-07-15 EUB Approves Rate Adjustments for ATCO Electric Customers

Publications

May 31: Bulletin 2005-12 Revised Alberta Pipeline Regulation

June 10: Directive 018 Negotiated Settlement Rules (formerly IL 98-04 Revised: Negotiated Settlement Guidelines)

June 10: Bulletin 2005-13 2005 Administration Fees, General Assessment, and Funding of Broad Industry Initiatives

June 21: Bulletin 2005-14 Release of Directional Survey Information

June 23: Bulletin 2005-15 2004 Alberta Coalbed Methane Activity Summary and Well Locations

July 11: Bulletin 2005-16 Notice of Intention to Upgrade to and Use Alberta Township Survey (ATS) Grid March 2005

July 11: Bulletin 2005-17 Announcing the Issuance of Directive 067: Applying for Approval to Hold EUB Licences

July 11: Directive 067 Applying for Approval to Hold EUB Licences

July 13: Bulletin 2005-18 Directive 036: Drilling Blowout Prevention Requirements and Procedures- Delay in Implementing New Requirements

July 15: Bulletin 2005-19 Proposed Changes to Improve EUB Processes for Regulation of the Utilities Industry

Decisions

June 1: Decision 2005-055 Galleon Energy Inc. Application for a Well Licence Shane Field Application 1393394

June 7: Decision 2005-058 Intrepid Energy Corporation Application for a Well Licence Sturgeon Lake South Field Application 1366746

June 7: Decision 2005-059 Canadian Natural Resources Limited Application for New Primary Recovery Scheme Cold Lake Oil Sands Area Applications 1081995, 1081996, 1082375

June 7: Decision 2005-057 NOVA Gas Transmission Ltd. 2005-2007 Revenue Requirement Settlement (Application 1392296)

June 13: Decision 2005-056 Galleon Energy Inc. Applications for Two Well Licences Harmon Valley Field Applications 1362101 and 1362102

June 14: Decision 2005-050 APF Energy Inc. Zone Designation Review and Pool Delineation Applications 1397073 and 1393256 Acclaim Energy Inc. Common Carrier and Off-target Well Penalty Applications 1388326 and 1388480 Innisfail Field

June 15: Decision 2005-063 ATCO Gas South 2005/2006 Carbon Storage Plan - Preliminary Questions Application No. 1357130

June 21: Decision 2005-061 PennWest Petroleum Ltd. Application for a Gas Battery Bigoray Field (Application 1365168)

June 21: Decision 2005-062 Compton Petroleum Corporation Application for a Well Licence Crossfield Field Application 1346815

June 22: Decision 2005-060 Compton Petroleum Corporation Applications for Licences to Drill Six Critical Sour Natural Gas Wells, Reduced Emergency Planning Zone, Special Well Spacing, and Production Facilities Okotoks Field (Southeast Calgary Area) Applications 127857, 1276858, 1276859, 1276860, 1307759, 1307760, 1278265, and 1310361

June 22: Decision 2005-065 Bonavista Petroleum Application for a Licence for a Natural Gas Pipeline Helder Field Application 1386265

June 22: Decision 2005-064 EnCana Corporation Section 40 Review Request of Well Licence No. 0307423 Strathmore Field Proceeding 1393859

June 24: Decision 2005-066 Anadarko Canada Corporation Section 40 Review of Well Licence 0308210 Knopick Field

June 28: Decision 2005-067 OMERS Energy Inc. Application for a Licence and Associated Pipeline and Battery Warwick Field Applications 1339435, 1341408, 1385507

June 30: Decision 2005-069 Nexen Canada Ltd. Application for a Well Licence Wetaskiwin Field (Application 1373824)

July 5: Decision 2005-071 Shell Canada Limited, Applications for Well, Facility, and Pipeline Licences, Waterton Field Applications No. 1369362 and 1358995

July 6: Decision 2005-070 Canadian Hydro Developers, Inc. Review and Variance of Decision Contained in EUB Letter Dated April 14, 2003 Application No. 1301794

July 12: Decision 2005-072 FortisAlberta Inc. 2005 Distribution Tariff Compliance Filing 2005 Final Rates (Application 1403928)

July 13: Decision 2005-077 MGV Energy Inc., Application for a Licence for Three Natural Gas Pipelines, Fenn West Field

July 14: Decision 2005-074 ATCO Electric Ltd. 2005 Interim Distribution Rates (Based on Decision 2005-025 Phase II Refiling)

July 14: Decision 2005-075 ATCO Electric Ltd. 2005 Rider Application 1400712

July 19: Decision 2005-079 BA Energy Inc. Application to Construct and Operate an Upgrader Strathcona County, Fort Saskatchewan Application No. 1347899

July 19: Decision 2005-073 Burlington Resources Canada Ltd. Special Gas Well Spacing Viking-Kinsella Area Application No. 1380835

July 19: Decision 2005-068 Apache Canada Ltd. Special Gas Well Spacing Bashaw Area Application No. 1302928

July 19: Decision 2005-076 EPCOR Utilities Inc., EPCOR Distribution Inc., EPCOR Transmission Inc., EPCOR Energy Inc., EPCOR Energy Alberta Inc. Collectively Known as the EPCOR Group Inter-Affiliate Code of Conduct Compliance Plan Application No. 1367508

EUB enhances financial oversight of utilities

One of the EUB's key responsibilities is to establish just and reasonable utility rates. In order to better fulfill that mandate, the Utility Audit and Compliance Group was recently established. Led by Richard McCabe, this five-person group within the Utilities Branch provides assurance to the EUB and our stakeholders regarding the integrity of regulated utility finances and operations. The group conducts independent in-depth audits of key financial and operational activities of utilities regulated by the EUB and reviews financial and operating information provided to the EUB. In addition, it participates in the development and approval of regulated utilities' codes of conduct and compliance plans.

As Richard McCabe explains, "The purpose of the Utility Audit and Compliance Group is to give stakeholders greater confidence in the regulatory process."

"Since much of the regulatory process for utilities' applications involves financial information, stakeholders can gain greater confidence of that information's

integrity through the regulatory audit and review processes," McCabe says. "The group also fosters greater confidence in the regulatory process by assuring stakeholders that utilities are compliant with their codes of conduct and that when they are not, they are taking adequate action to rectify the situation."

"The purpose of the Utility Audit and Compliance Group is to give stakeholders greater confidence in the regulatory process."

The group has developed a plan to audit the key activities of utilities over a three-year period. So far, five audits have been completed, involving AltaGas Utilities Inc., Direct Energy Regulated Services, AltaLink Management Ltd., EPCOR Energy Services, and ATCO Pipelines. The results of the completed audits are public and are available on the EUB Web site at www.eub.gov.ab.ca. ■

EUB inspections up in 2004 (from page 1)

When a pipeline failure occurs, the licensee is required to do an integrity assessment on the pipeline segment that failed and an engineering assessment on the pipeline system that it operates in.

Annual sulphur emissions from Alberta gas plants have been reduced by 26 per cent since 2000 (58 000 tonnes in 2004 and 78 000 tonnes in 2000). Since 1974, Alberta gas plants have reduced their sulphur emissions by 75 per cent (from 229 000 tonnes in 1974 to 58 000 in 2004).

In 2004, the public registered 850 complaints to the EUB about oil and gas facilities. This is up 4 per cent from 2003 but down 8 per cent since 2000. EUB field staff respond to all public complaints about upstream oil and gas activities in Alberta.

These numbers, released as part of the EUB's annual *Field Surveillance Provincial Summary Report* (ST57-2005), show that the EUB is working to ensure that Alberta energy companies comply with the EUB's rules and regulations. ■

EUB approves need for Calgary-Edmonton transmission development

The EUB has approved the need to reinforce the Edmonton-to-Calgary transmission system to alleviate system constraints and improve system efficiency (*Decision 2005-031*). This is the first major transmission development in more than 20 years.

With increased generation and load demands along the north-south path, the transmission system will soon experience congestion unless upgrades are made.

The application, filed by the Alberta Electric System Operator (AESO), evaluated 13 concepts of how to address the identified need.

After receiving interventions to the application, the EUB conducted a public hearing in Calgary, which sat for 11 days beginning on December 9, 2004. Interested parties agreed that the transmission development was necessary and focused on two different concepts: AESO's preferred 500 kilovolt (kV) alternative and a 240 kV alternative.

The EUB examined the two concepts and concluded that AESO's preferred 500 kV development concept is the appropriate means by which to address the need identified. The EUB found this concept superior from the perspective of transmission system planning and performance, routing considerations, and economics.

As a result of this decision, AESO will assign the project to Transmission Facility Owners (TFO) to build facilities to implement the concept. The TFOs will consult with stakeholders and landowners and evaluate specific sites and routes in detail. After this work, the TFOs will apply to the EUB to build and operate the proposed transmission facilities.

The EUB regulates investor-owned natural gas, electric, and water utilities and certain municipally owned electric utilities to ensure that customers receive safe and reliable service at just and reasonable rates. ■

Upcoming Public Hearings

Application No.	Applicant	Hearing Purpose
1377698	Penn West Petroleum Ltd.	Application for a Licence to Construct and Operate a Natural Gas Pipeline - Wainwright Field

Start date: July 27-28, Wainwright and District Communiplex, 700 -2nd Avenue, Wainwright

1388043	Canadian Natural Resources Limited	Application for a Well Licence - Hanna/Sullivan Lake Field
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Start date: August 17-18, Hanna and District Community Center, 503 - 4th Street West, Hanna

1380613	ENMAX Power Corporation	2005/2006 Phase I Distribution Tariff Application
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Start date: August 29, Govier Hall, EUB Offices Calgary

Pending Decisions

Application No.	Applicant	Hearing Purpose
1365474	Petrofund Corp.	Application for a Well Licence - Proximity Critical - Armisic Field (West Edmonton Area)
1375120	Vaquero Energy Inc.	Applications for a licence to construct three additional pipelines on an existing pipeline licence - Chip Lake Field
1358995 1369362	Shell Canada Limited	Application for a critical well licence and associated pipeline and facilities - Waterton Field
1374597 1386424	Standard Energy Inc.	Application for Pipeline Licence and a Single Well Gas Battery - Grande Prairie Field
1393859	EnCana Corporation	Review of Licence Number 0307423 - Strathmore Field
1347899	BA Energy Inc.	Strathcona County Application for Approval to Construct and Operate a Heavy Oil Upgrader in Strathcona County
1365168	Penn West Petroleum Ltd.	Application for a Single Well Gas Battery - Drayton Valley/Bigoray Field Cancelled Hearing
1384279	ATCO Pipelines	Non-standard Transportation Service Agreement
1274364	Alberta Newsprint Company, AltaSteel Limited and Miller Western Forest Products Limited (The DAT Customers)	Review of Board Decision 2002-26 (2000 Pool Price Deferral Accounts Proceeding: Part B: AE DISCO and UNCA DISCO Allocation to Rate Class)
1382485	Fortis Alberta	Code of Conduct Exemption
1363012	Alberta Electric System Operator	2005 General Tariff Application/2006 General Tariff Application
1359518	AltaLink Management Ltd.	2002-2004 Capital Deferral Account
1371998	FortisAlberta Inc.	2005 Distribution Tariff - Invitation to Submit Proposals on the One Outstanding Issue (Payment in Lieu of Notice)
1396717	AltaLink Management Ltd.	Refiling for 2004-2007 GTA pursuant to Decision 2005-019



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Utilities: For information or to file a consumer utility complaint, contact us at

EUB Utilities Branch, 10th floor, 10055-106 Street,
Edmonton, Alberta T5J 2Y2
Fax: (780) 427-6970
Complaints: (780) 427-4903*
E-mail: <utilities.concerns@eub.gov.ab.ca>

Oil and gas: For information or complaints about new or existing oil and gas developments and facilities, we recommend contacting the operating company first. If the company does not respond appropriately, you may contact the nearest EUB Field Centre.

EUB Field Centres (24-hour service)

Bonnyville	(780) 826-5352*
Drayton Valley	(780) 542-5182*
Grande Prairie	(780) 538-5138*
Fort McMurray	(780) 743-7214*
Medicine Hat	(403) 527-3385*
Midnapore	(403) 297-8303*
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* To call toll free from anywhere in Alberta, dial 310-0000 and enter the phone number, including area code, or press zero for a RITE operator.

Across the Board Advisory Committee

Diane Earle, Bob Curran, Cal Hill, Barbara Kapel Holden, Pat Smith, Darin Barter, Becky Torrance

Editor: Davis Sheremata

This list is subject to change at any time, so please check the complete list of upcoming public hearings on the EUB Web site at <www.eub.gov.ab.ca/bbs/applications/hearings/hearings.pdf>. If you do not have Internet access, contact EUB Information Services at (403) 297-8190.

